

**Introduced by Senator Wolk**  
(Principal coauthor: Assembly Member Dodd)

December 1, 2014

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An act to add Sections 17207.14 and 24347.14 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 35, as introduced, Wolk. Income and corporation taxes: deductions: disaster relief: Counties of Napa, Solano, and Sonoma.

The Personal Income Tax Law and the Corporation Tax Law provide for a deduction and the carryover to specified taxable years of specified losses sustained as a result of certain disasters occurring in California in an area determined by the President of the United States to warrant specified federal assistance or proclaimed by the Governor to be in a state of emergency. Those laws further allow a taxpayer to elect to deduct those disaster losses on the return for the taxable year preceding the taxable year in which the disaster occurred.

This bill would extend these provisions to losses sustained in the Counties of Napa, Solano, and Sonoma as a result of the earthquake that occurred in August 2014 for which the Governor proclaimed a state of emergency.

This bill would make a legislative finding and declaration relating to the statewide public purpose served by the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 17207.14 is added to the Revenue and  
2     Taxation Code, to read:

3     17207.14. (a) Section 165(i) of the Internal Revenue Code  
4     shall be applicable to any losses sustained in the Counties of Napa,  
5     Solano, and Sonoma as a result of the earthquake that occurred in  
6     August 2014.

7     (b) For losses described in subdivision (a), the election under  
8     Section 165(i) of the Internal Revenue Code may be made on a  
9     return or amended return filed on or before the due date of the  
10    return, determined with regard to extension, for the taxable year  
11    in which the disaster occurred.

12    (c) Unless specifically provided otherwise, any law, other than  
13    Section 17276.20, that suspends, defers, reduces, or otherwise  
14    diminishes the deduction of a net operating loss shall not apply to  
15    a net operating loss attributable to the loss described in subdivision  
16    (a).

17    SEC. 2. Section 24347.14 is added to the Revenue and Taxation  
18    Code, to read:

19    24347.14. (a) Section 165(i) of the Internal Revenue Code  
20    shall be applicable to any losses sustained in the Counties of Napa,  
21    Solano, and Sonoma as a result of the earthquake that occurred in  
22    August 2014.

23    (b) For losses described in subdivision (a), the election under  
24    Section 165(i) of the Internal Revenue Code may be made on a  
25    return or amended return filed on or before the due date of the  
26    return, determined with regard to extension, for the taxable year  
27    in which the disaster occurred.

28    (c) Unless specifically provided otherwise, any law, other than  
29    Section 24416.20, that suspends, defers, reduces, or otherwise  
30    diminishes the deduction of a net operating loss shall not apply to  
31    a net operating loss attributable to the loss described in subdivision  
32    (a).

33    SEC. 3. The Legislature finds and declares that this act fulfills  
34    a statewide public purpose because of both of the following:

35    (a) On August 24, 2014, the Governor of California proclaimed  
36    a state of emergency due to the South Napa Earthquake that  
37    occurred in August 2014 within the Counties of Napa, Solano, and

1 Sonoma, thus qualifying affected persons for various forms of  
2 governmental assistance and relief.

3 (b) This act is consistent with, and supplements, the proclaimed  
4 disaster assistance and relief by providing necessary tax relief to  
5 persons in the affected jurisdictions by allowing them to allow  
6 them to maintain essential basic services and repair damage to,  
7 and restore, their homes and businesses.

8 SEC. 4. This act provides for a tax levy within the meaning of  
9 Article IV of the Constitution and shall go into immediate effect.

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